

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6062**

**BILL NUMBER:** SB 85

**NOTE PREPARED:** Mar 8, 2006

**BILL AMENDED:**

**SUBJECT:** Prosecuting Attorneys' Pensions.

**FIRST AUTHOR:** Sen. Young R Michael

**BILL STATUS:** Enrolled

**FIRST SPONSOR:** Rep. Buell

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill reduces from ten to eight the years of service credit required for a participant to vest in the Prosecuting Attorneys Retirement Fund (PARF).

(The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** The estimated fiscal impact is the following:

Increase in Unfunded Actuarial Accrued Liabilities:	\$153,000*
Change in Annual Employer Contribution Amount:	\$(31,400)*
Change in Employer Contribution Percentage:	From 5.7% to 5.5%

\*More PARF participants may become vested as a result of this proposal.

The fund affected is the state General Fund. This proposal will affect prosecuting attorneys serving on or beginning service after June 30, 2006.

*Background Information:* As of July 1, 2005, there were 77 vested active participants in PARF and 143 nonvested active participants in PARF. Furthermore, as of July 1, 2005, there were 18 retired participants and beneficiaries receiving benefits, with the average annual benefit amounting to \$13,830.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Public Employees' Retirement Fund as administrators of PARF.

**Local Agencies Affected:**

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for PERF and the PARF, 317- 576-1508.

**Fiscal Analyst:** James Sperlik, 317-232-9866.

**DEFINITIONS**

**Contribution Rate:** As to an employee, a factor, such as a percentage of compensation, used in determining the amounts of payments to be made by the employee under a contributory pension plan. As to the employer, a factor, calculated in an actuarial valuation, to be used in determining the employer's annual normal cost contribution under a pension plan. An employer's contribution rate may be either a percentage to be applied to the total compensation paid to covered employees for a particular year, or an amount in dollars to be applied to the total number of covered employees on a particular date. An employer's contribution rate may be either a percentage to be applied to the total compensation paid to covered employees for a particular year, or an amount in dollars to be applied to the total number of covered employees on a particular date.

**Unfunded Actuarial Liability** - Actuarial liability (sometimes called the unfunded liability) of a retirement system at any time is the excess of its actuarial liability as that time over the value of its cash and investments.